

Message Text

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PAGE 01 GEORGE 01602 191658Z
ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 GSA-02 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 DOE-15 SOE-02
/126 W

-----044641 211121Z /43

R 181915Z MAY 78
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 6820
INFO AMEMBSSY BRIDGETOWN
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN
AMEMBASSY PARAMARIBO
AMEMBASSY MOSCOW POUCH
AMEMBASSY LONDON POUCH

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E.O. 11652: N/A
TAGS: PDIP, PEPR, EAID, EFIS, EQUIP, GY, UR
SUBJECT: GUYANESE-RUSSIAN PROJECT FOR THE TREBLING OF GUYANA'S
ALUMINA PRODUCTION

REF: GEORGETOWN 1562

1. AT HIS PRESS CONFERENCE ON MAY 13 DEALING, INTER ALIA,
WITH THE VARIOUS PROMISES OF FOREIGN ASSISTANCE HIS GOVERN-
MENT RECEIVED DURING HIS RECENTLY CONCLUDED FOUR-NATION TOUR,
PRIMIN BURNHAM HAD ANNOUNCED THAT A SOVIET TEAM WAS ALREADY
IN GUYANA LOOKING INTO THE POSSIBILITY OF AIDING THE GOG
TO EXPAND ITS PRODUCTION OF ALUMINA THREE-FOLD.

2. TO OBTAIN FURTHER CLARIFICATION OF WHAT WAS INVOLVED
AMBASSADOR CALLED ON MINISTER OF ENERGY AND NATURAL RESOURCES
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HUBERT O. JACK MAY 18 TO DISCUSS THE PROJECT FOR EXPANDED
ALUMINA PRODUCTION. JACK STATED THAT A RUSSIAN TEAM WAS
NOW CONCLUDING ITS VISIT TO GUYANA AND THAT GOG AND USSR
HAD ENTERED INTO AN UNDERSTANDING TO MOVE TOWARD THE
NEXT PHASE IN THE PREPARATION OF THE PROJECT, I.E.,
A FEASIBILITY STUDY WHICH WILL REQUIRE FROM ONE YEAR TO
EIGHTEEN MONTHS TO COMPLETE. ASSUMING THAT THE

FEASIBILITY STUDY IS FAVORABLE THE GOG AND USSR WILL THEN UNDERTAKE THE CONSTRUCTION OF A NEW ALUMINA PLANT WITH A CAPACITY OF 600,000 TONS A YEAR. ASSOCIATED WITH THE ALUMINA PLANT WILL BE A HEAT POWER GENERATING PLANT WHICH WILL OPERATE EITHER ON FUEL OIL OR WOOD. (JACK EXPLAINED THAT THE IDEA OF USING WOOD TO FUEL THE POWER GENERATING PLANT IS BASED ON THE FACT THAT GUYANA HAS SUBSTANTIAL FOREST RESOURCES WHICH MIGHT BE TAPPED FOR THESE PURPOSES THEREBY REALIZING A SAVING ON IMPORTATION OF FUEL OIL.)

3. JACK WAS ASKED WHETHER OR NOT THOUGHT HAD BEEN GIVEN TO THE BUILDING OF A HYDRO-ELECTRIC PROJECT TO FURNISH POWER FOR THE NEW ALUMINA PLANT. JACK SAID THAT IDEALLY THE GOG WOULD HAVE PREFERRED AN ALUMINUM SMELTER WHICH WOULD HAVE REQUIRED THE CONSTRUCTION OF A HYDRO-ELECTRIC PLANT. HOWEVER, THE SOVIETS WERE APPARENTLY UNWILLING TO CONSIDER A PROPOSAL AS AMBITIOUS AS THIS AT THE PRESENT TIME. CONSEQUENTLY A MORE MODEST PLAN FOR AN ALUMINA PLANT AND A SIMPLE HEAT POWER GENERATING PLANT WAS AGREED.

4. THE SOVIETS HAVE APPARENTLY MADE A COMMITMENT TO TAKE A SUBSTANTIAL PERCENTAGE OF THE ALUMINA TO BE PRODUCED IN THIS NEW FACILITY. (LAST YEAR IN A SURPRISE MOVE THE USSR AGREED TO PURCHASE 100,000 TONS OF ALUMINA FROM THE GOG OUT OF CURRENT PRODUCTION.) LIMITED OFFICIAL USE

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ASKED WHEN THIS NEW ALUMINA PRODUCTION FACILITY MIGHT GO ON STREAM, JACK PREDICTED THAT THE EARLIEST POSSIBLE DATE WOULD BE IN FIVE YEARS TIME ASSUMING THAT PROJECT WENT FORWARD WITHOUT SERIOUS HITCH; THUS THE FACILITY WOULD NOT BE IN PRODUCTION BEFORE APPROXIMATELY 1983.

5. COMMENT: IT APPEARS OBVIOUS FROM WHAT MINISTER JACK HAD TO SAY THAT LITTLE IMMEDIATE BENEFIT FOR GUYANA WILL BE REALIZED FROM THIS JOINT ALUMINA PLANT CONSTRUCTION PROJECT. IN HIS PRESS CONFERENCE THE PRIME PUT IT IN THE BEST POSSIBLE LIGHT ANNOUNCING THAT THE RUSSIAN TEAM WAS IN GUYANA TO "FINALIZE A MAJOR PROJECT AIMED AT NEARLY TREBLING OUR ALUMINA PRODUCTION," GIVING THE IMPRESSION THAT IMPORTANT ECONOMIC BENEFITS FOR GUYANA WOULD SOON BE FLOWING FROM THIS JOINT PROJECT. FROM JACK'S REMARKS IT NOW APPEARS THAT IT WILL BE SOME TIME BEFORE THIS PROJECT ACTUALLY BEGINS TO MOVE. THERE IS ONE INTERESTING DISCREPANCY BETWEEN JACK'S ACCOUNT AND THAT PROVIDED BY THE RUSSIAN AMBASSADOR (REFTEL AND THAT IS THE POWER SOURCE FOR THE FACILITY. ACCORDING TO JACK IT WILL BE A HEAT SOURCE PLANT WHEREAS AMB. KOTENEV HAD INDICATED THAT A HYDRO-ELECTRIC FACILITY WAS STILL A

POSSIBILITY. AN ATTEMPT WILL BE MADE TO CLEAR UP THIS
POINT IN FUTURE TALKS.
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